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## Producer Price Index (PPI)

### September 2021

15-11-2021

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Department of Census and Statistics  
Ministry of Finance

The Producer Price Index (PPI) measures the average change over time in the prices received by domestic producers of goods and services. The introduction of the PPI in Sri Lanka provides a more complete picture of price movements and trends for making informed policy decisions. The Department of Census and Statistics (DCS) updated the reference periods of the PPI. The weight reference is 2016, the price reference is to 2018 - Q4, and the index reference is August 2021 = 100. The DCS disseminate the updated PPI figures effective from month of November 2021 with 40 days of lag time.

The PPI is an important macro-economic indicator. It serves as an indicator of short-term inflationary trends and as a deflator of economic series. It is also used in productivity analysis, contract escalation, business analysis and current cost accounting etc. The PPI covers the Agriculture, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply & Water Collection sectors of the economy under the updated PPI also.

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- ❏ The PPI for all economic activities: Agriculture, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply & Water Collection, for the month of September 2021 is 123.9.
  - ❏ The annual change in the PPI has been compiled as 11.0 per cent.
  - ❏ Comparing the month on month changes, PPI in September 2021 has increased to 123.9 from 122.4 reported in August 2021.
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#### Source Publication

<http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/PPI>

## Annual Changes of Producer Price Index (PPI)

The PPI for all economic activities: Agriculture, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply & Water Collection, for the month of September 2021 is **123.9**. The annual change in the PPI has been compiled as 11.0 per cent. The PPI reported for the three major economic activities, Agriculture, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply & Water Collection are 126.5, 124.6 and 102.8 respectively. The Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply & Water Collection activities reported positive changes of 13.8 per cent, 0.6 per cent respectively while Agriculture declined by 2.2 percent on an annual basis (Table 1).

In the agriculture sector, the sub activities of Growing of Perennial Crops and Growing of Non-Perennial Crops reported positive changes of 8.1 percent and 8.0 percent respectively on annual basis while the Animal Production sub sector reported a 1.5 percent negative change.

All the sub-activities of the Manufacturing sector reported positive growth rates compared to the previous year, among those activities, the following industries had notable changes: "Manufacture of coke and refined petroleum products" (49.0%), "Manufacture of chemicals and chemical products" (34.4%), "Manufacture of basic metals" (31.2%), "Manufacture of furniture" (22.6%), "Manufacture of textiles" (18.4%), "Manufacture of rubber and plastics products" (16.0%), "Manufacture of other transport equipment" (12.8%), "Manufacture of other non-metallic mineral products" (12.6%), "Manufacture of wearing apparel" (12.3%), "Printing and reproduction of recorded media" (10.9%), "Other manufacturing" (7.6%), "Manufacture of food products" (3.4%), "Manufacture of beverages" (1.9%), "Manufacture of tobacco products" (0.6%) changes compared to the September 2020.

The industries in utility sector, "Water collection, Treatment and Supply" and "Electricity, Gas, Steam and Air Conditioning Supply" reported positive changes of 2.4 per cent and 0.4 per cent respectively in the month of September 2021 compared to the same month in 2020 (Table 3).

**Table 1: PPI of September 2020 & 2021 and Year on Year changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Year on Year % change (Sep 2021**/ Sep 2020)
	2020 Sep	2021 Sep**	
All Activities	111.7	123.9	11.0
Agriculture	129.3	126.5	-2.2
Manufacturing	109.5	124.6	13.8
Electricity, Gas, Steam and Air Conditioning Supply & Water Collection	102.1	102.8	0.6

\*\* - Provisional

Source: Department of Census and Statistics

## Monthly Changes of Producer Price Index

Comparing the month-on-month changes, the PPI in September 2021 has increased to 123.9 from 122.4 reported in August 2021. This shows an increase of 1.5 index points or 1.2 percentages compared to the August 2021. The three major economic activities, manufacturing, agriculture and electricity, gas, steam and air conditioning supply & water collection reported positive change of 1.3 per cent, 0.9 percent and 0.2 percent respectively. (Table 2).

The sub activities of agriculture sector, "Growing of perennial crops" reported an increase of 15.3 percent while the other two sub activities of "Growing of non-perennial crops" (-1.8%) and "Animal production" (-2.1%) declined as compared to the month of August 2021.

In the Manufacturing sector, the following industries increased from the previous month: "Manufacture of other non-metallic mineral products" (6.3%), "Manufacture of basic metals" (3.9%), "Manufacture of chemicals and chemical products" (3.7%), "Manufacture of coke and refined petroleum products" (3.4%), "Manufacture of furniture" (2.4%), "Manufacture of wearing apparel" (1.3%), "Manufacture of textiles" and "Manufacture of rubber and plastics products" (0.7%), Printing and reproduction of recorded media" (0.2%), "Manufacture of tobacco products" (0.1%). The "Manufacture of beverages" remained unchanged, while "Other manufacturing" (-1.3%), "Manufacture of other transport equipment" (-2.4%), "Manufacture of food products" (-3.9%) declined as compared to August 2021.

On monthly basis, both sub activities of the utility sector, "Electricity, Gas, Steam and Air Conditioning Supply" and "Water Collection, Treatment and Supply" reported positive changes of 0.2 per cent and 0.1 per cent respectively in the month of September 2021 (Table 3).

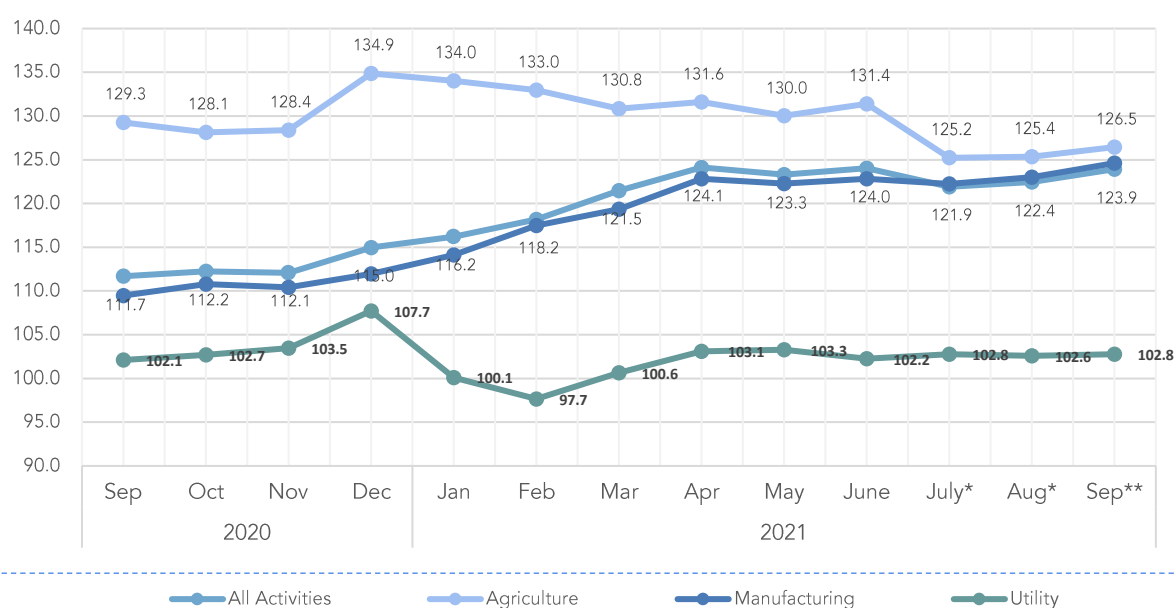
**Table 2: PPI of August & September 2021 and Month to Month changes of PPI by Major Economic Activity (Base: 2018 Q4=100)**

Major Economic Activity	PPI		Month to Month % change (2021 Sep**/ 2021 Aug*)
	2021 Aug*	2021 Sep**	
All Activities	122.4	123.9	1.2
Agriculture	125.4	126.5	0.9
Manufacturing	123.0	124.6	1.3
Electricity, Gas, Steam and Air Conditioning Supply & Water Collection	102.6	102.8	0.2

\* - Revised    \*\* - Provisional

Source: Department of Census and Statistics

**Figure 1: Movements of Monthly Producer Price Index by Major Economic Activity: September 2020 – September 2021 (Base: 2018 Q4=100)**



DCS

\* - Revised    \*\* - Provisional

Source: Department of Census and Statistics

Table 3: PPI of August 2021 & September of 2020 & 2021 and percentage changes by two-digit level Economic Activity of ISIC (Base: 2018 Q4 = 100)

ISIC Rev.4.0	Description of the Economic Activity	2020	2021		% change	
		Sep	Aug*	Sep**	2021 Sep**/ 2021 Aug*	Sep 2021**/ Sep 2020
	<b>All Activities</b>	<b>111.7</b>	<b>122.4</b>	<b>123.9</b>	<b>1.2</b>	<b>11.0</b>
<b>01</b>	<b>Agriculture</b>	<b>129.3</b>	<b>125.4</b>	<b>126.5</b>	<b>0.9</b>	<b>-2.2</b>
	011 Growing of non-perennial crops	112.2	123.4	121.3	-1.8	8.0
	012 Growing of perennial crops	127.1	119.2	137.4	15.3	8.1
	014 Animal production	116.6	117.4	114.9	-2.1	-1.5
<b>C</b>	<b>Manufacturing</b>	<b>109.5</b>	<b>123.0</b>	<b>124.6</b>	<b>1.3</b>	<b>13.8</b>
10	Manufacture of food products	111.8	120.4	115.7	-3.9	3.4
11	Manufacture of beverages	105.8	107.8	107.8	0.0	1.9
12	Manufacture of tobacco products	118.2	118.9	119.0	0.1	0.6
13	Manufacture of textiles	100.0	117.6	118.4	0.7	18.4
14	Manufacture of wearing apparel	124.2	137.6	139.5	1.3	12.3
18	Printing and reproduction of recorded media	97.3	107.7	107.9	0.2	10.9
19	Manufacture of coke and refined petroleum products	66.7	96.2	99.4	3.4	49.0
20	Manufacture of chemicals and chemical products	115.8	150.1	155.6	3.7	34.4
22	Manufacture of rubber and plastics products	103.7	119.5	120.3	0.7	16.0
23	Manufacture of other non-metallic mineral products	107.3	113.7	120.9	6.3	12.6
24	Manufacture of basic metals	167.8	211.8	220.1	3.9	31.2
30	Manufacture of other transport equipment	107.6	124.4	121.4	-2.4	12.8
31	Manufacture of furniture	100.8	120.7	123.6	2.4	22.6
32	Other manufacturing	117.5	128.1	126.5	-1.3	7.6
<b>D</b>	<b>Electricity, Gas, Steam and Air Conditioning Supply &amp; Water Collection</b>	<b>102.1</b>	<b>102.6</b>	<b>102.8</b>	<b>0.2</b>	<b>0.6</b>
35	Electricity, gas, steam and air conditioning supply	101.8	101.9	102.1	0.2	0.4
36	Water collection, treatment and supply	102.9	105.3	105.4	0.1	2.4

\* - Revised \*\* - Provisional

Source: Department of Census and Statistics

ISIC refers to International Standard Industrial Classification of all activities (Revision 4 )

Note: The PPI has been referenced using August 2021 as the link month. Because August is considered provisional until December 2021, the linking factors and linked indexes are subject to change until the August 2021 index is declared final.

## Revision Policy


The PPI is compiled by collecting prices received by the domestic producers 277 manufacturing and utility related establishments. Prices of 42 agricultural products are collected from 331 Divisional Secretariat Divisions covering the entire country. Electricity, Gas, Steam and Air Conditioning Supply & Water Collection sector prices are collected from Ceylon Electricity Board and National Water Supply & Drainage Board respectively.




In certain circumstances, it is not possible to collect the requested prices by the time of releasing PPI. Such prices are therefore, statistically imputed. Indices of the latest month are released as provisional.

Producer Price Index (PPI) is released monthly with 40 days time lag with effect from November 2021. The PPI for the month of October, 2021 will be released on 10<sup>th</sup> of December 2021.

### The Vision of DCS





"To be the leader in the region in producing timely statistical information to achieve the country's development goals."

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### The Mission of DCS

"Making contribution in the socioeconomic development of the country by providing accurate timely statistics, more Effectively by means of new technology, and utilising the services of dedicated staff under a strategic leadership to become a prosperous nation in the globalised environment."

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